

Message Text

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FOR DEPUTY ASSISTANT SECRETARY JULIUS L. KATZ

FOLLOWING REPEAT BERN 4567 ACTION SECSTATE 5 NOV

QUOTE

UNCLAS BERN 4567

E.O. 11652: N/A

TAGS: PFOR, SZ

SUBJECT: PRESS REACTION - ECONOMIC SUMMIT

REF: BERN 4294

IN ITS EDITORIAL FOR NOVEMBER 5, AGENCE ECONOMIQUE AND
FINANCIERE COMMENTS AS FOLLOWS:

BUT ONE DELUDES ONESELF IF HE HOPES FOR PRACTICAL
SOLUTIONS GUARANTEEING THE END OF UNEMPLOYMENT, AND THE
RENEWAL OF THE EXPANSION OF INTERNATIONAL TRADE. PRESIDENT
FORD AND HIS COUNTERPARTS WILL NOT UNDERTAKE THE IMPE-
MENTATION OF NEW MEASURES TO ACHIEVE SPECIFIC OBJECTIVES.
THE REMARKS OF A HIGH TREASURY DEPARTMENT OFFICIAL IS
AT THE SAME TIME JUDGEMENT AND VERDICT: THE SUMMIT
MUST NOT BE THOUGHT OF AS A DECISION GROUP, BUT AS A
DISCUSSION GROUP.

ONLY INCURABLE OPTIMISTS WILL BE DISAPPOINTED. THE
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POSITION OF THE AMERICAN AUTHORITIES IS THE SAME TODAY

AS THAT ADOPTED THREE WEEKS AGO WHEN THEY ANNOUNCED THEIR DECISION TO PARTICIPATE IN THE SUMMIT. THEY CONSIDER THAT THE MEETING AT RAMBOUILLET IS MORE IMPORTANT TO THE EUROPEANS AND THE JAPANESE THAN TO THEM. THE AMERICANS ARE IN A GOOD POSITION. THE DOLLAR IS RISING AGAINST OTHER MAJOR CURRENCIES TO REALISTIC LEVELS. RECOVERY IS SPREADING AND BECOMING STRONGER.

WHAT THIS CLEARLY MEANS IS THAT PRESIDENT FORD WILL TURN A DEAF EAR TO THE ADVICE OF HIS COUNTERPARTS, ASKING HIM FOR FURTHER STIMULATION OF THE AMERICAN ECONOMY, AND HE WILL IGNORE THEIR WARNINGS OF THE CONSEQUENCES FOR THE DOLLAR OF A FAILURE OF THE CITY OF NEW YORK.

ABOVE ALL WITH RESPECT TO THE REPERCUSSIONS OF THE FINANCIAL FAILURE OF NEW YORK, THE EUROPEANS ARE NOT YET CONVINCED THAT THE AMERICAN GOVERNMENT CAN ALLOW THE CAPITAL OF SKYSCRAPERS TO FALL. THEY FEAR THAT IF THIS HAPPENED, IT WOULD DETONATE A NEW AND ACUTE INTERNATIONAL MONETARY CRISIS. THEIR FEARS CAN ONLY HAVE BEEN REINFORCED WHEN AN EXPERT AS WELL-KNOWN AS MR. BURNHAM, CHAIRMAN OF DREXEL, BURNHAM AND COMPANY, STATES THAT THE REFUSAL OF PRESIDENT FORD TO AID THE CITY OF NEW YORK IS "UNACCEPTABLE" FOR ANYONE WHO UNDERSTANDS FINANCIAL MARKETS. KEMPE UNQTE. KISSINGER

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